

Division of Behavioral Health Services

Bureau of Compliance

150 North 18th Avenue, Suite 260
Phoenix, Arizona 85007
(602) 364-4558
(602) 364-4762 FAX
Internet: www.azdhs.gov

JANET NAPOLITANO, GOVERNOR
SUSAN GERARD, DIRECTOR

October 19, 2005

[T/RBHA CEO]

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Dear [T/RBHA CEO]:

The Arizona Department of Health Services/Division of Behavioral Health Services (ADHS/DBHS) has been working, with the Tribal and Regional Behavioral Health Authorities (T/RBHAs) and the Arizona Health Care Cost Containment System (AHCCCS), on implementation of Medicare Part D Prescription Drug coverage, which goes into effect on January 1, 2006. This will be a major transition for behavioral health recipients who are eligible for Medicare Part D.

This letter identifies when Non-Title XIX/XXI state funds can be utilized to “wrap-around” the Medicare Part D Prescription Drug coverage. The savings realized by Non-Title XIX/XXI Medicare eligible recipients obtaining their prescription drugs through Medicare Part D, rather than with state funds allows for the use of state funds to pay the cost sharing of Medicare Part D for behavioral health recipients.

Cost Sharing and the Limited Income Subsidy

The structure of Medicare Part D includes substantial cost sharing requirements. There are monthly premiums averaging around \$28 per month (in Arizona), a deductible of \$250, coinsurance of 25% and a coverage gap in which beneficiaries must pay 100% of the cost of his/her prescription drugs. Dual eligibles (eligible for both AHCCCS and Medicare) and Medicare Cost Sharing enrollees (QMB, SLMB and QI-1) will be “deemed” eligible for a program called the Limited Income Subsidy (LIS) or “extra help”. This program will cover most of the cost sharing of Medicare Part D, but copayments of \$1-\$5 will still apply depending on income. Behavioral health recipients who are not on AHCCCS or a Medicare Cost Sharing program, but have income below 150% of the Federal Poverty Limit could still be eligible for the “extra help” and need to be encouraged and assisted in applying. This will greatly reduce the recipients’ cost sharing requirements.

Cost sharing requirements, as well as restricted formularies, will be new to behavioral health recipients. ADHS/DBHS has determined that state funds can be utilized to ensure that behavioral health recipients continue to have access to prescription drug coverage. This applies to all behavioral health recipients. ADHS/DBHS will be revising Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX Funding*, to indicate the Part D cost sharing that can be paid for with state funds.

Extended supply of prescription drugs

Initially, to aid in the transition to a Medicare Part D plan, ADHS/DBHS will allow up to a 90 day supply of prescription drugs, prior to December 31, 2005, when clinically appropriate as determined by the T/RBHA. This is available to all behavioral health recipients, though Title XIX/XXI funding is not available for prescriptions filled after December 31, 2005. T/RBHAs must work within the constraints of their current capitation rate in providing this transitional benefit, as there will not be a capitation rate adjustment. Allowing this extended supply should give behavioral health recipients more time to become enrolled in a Part D plan and utilize the exceptions process of the plan, if necessary, to continue coverage of current prescription drugs.

ADHS/DBHS has established that state funds can be used to pay the following cost sharing requirements:

Covering of Cost Sharing with state funds						
	ADHS/DBHS decision to cover Part D cost sharing:					
	Co-payments	Monthly Premium	Annual	Co-insurance		
	(Only persons with LIS have copays. Dual eligibles: \$1/\$3 <100% FPL \$2/\$5 > 100% FPL; institutionalized duals have no copays; non-duals: \$2/\$5 <135% FPL)	(Duals: any amount over the low-income benchmark; non-duals with LIS: \$0 <135% FPL: sliding scale if between 135% -150% FPL; standard coverage: average of \$28/mo)	Deductible (Non-duals with LIS: \$0 if <135% FPL; \$50 if between 135% - 150% FPL; standard coverage: \$250)	15% (Non-duals with LIS between 135% - 150% FPL; deductible met - \$5100)	25% (Standard coverage; deductible met - \$2250)	100% (Standard coverage; \$2250 - \$5100)
Dual eligibles (deemed LIS eligible)	Yes	Yes				
Non-Title XIX, SMI	Yes	Yes	Yes	Yes	Yes	Yes
Non-Title XIX, Non-SMI (GMH)	Yes, based on available funding	Yes, based on available funding	Yes, based on available funding	Yes, based on available funding	Yes, based on available funding	Yes, based on available funding
Non-Title XIX persons in medical institutions	Yes	Yes	Yes	Yes	Yes	Yes

Recipients eligible for, but choose not to access the Part D benefit

Arizona Revised Statute 36-3408 requires that behavioral health recipients who are potentially eligible for Title XVIII (Medicare Part D) and/or Title XIX (Medicaid)/XXI (SCHIP) enroll in Medicare Part D and/or participate in screening for Title XIX/XXI eligibility to receive state funded behavioral health services. The policy in Provider Manual Section 3.1, *Accessing and Interpreting Eligibility and Enrollment Information and Screening and Applying for AHCCCS Health Insurance*, will be revised and will also apply to Medicare eligible recipients who do not enroll in a Part D plan. Therefore, the following conditions do not constitute a refusal to participate or enroll in a Part D plan:

- A person's inability to obtain documentation required for the eligibility determination; and
- A person who is unable or refuses to participate due to his/her mental status and who does not have a legal guardian.

The T/RBHA must determine if a behavioral health recipient meets either of these criteria before providing prescription drug coverage with state funds.

Excluded Part D drugs

Coverage of excluded Part D prescription drugs that are currently covered with Title XIX/XXI funds will continue to be covered with Title XIX/XXI funding for dual eligible behavioral health recipients. Coverage of excluded Part D prescription drugs can be covered with state funds for all non-Title XIX/XXI behavioral health recipients as funding permits and consistent with Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX Funding*. The excluded Part D drugs include benzodiazepines, barbiturates and certain over-the-counter drugs.

Non-covered Part D drugs

At a minimum, Part D plans are required to include at least two drugs per therapeutic class in their formularies. Drugs that are not included in a plan's formulary are called non-covered drugs. ADHS/DBHS can use state funds to pay for non-covered drugs for all behavioral health recipients as funding permits and consistent with Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX Funding*.

ADHS/DBHS will be revising numerous policies to incorporate these decisions as well as other changes due to the implementation of Medicare Part D. Following our usual procedures, ADHS/DBHS will solicit your comments during the revision of any policies.

Please contact Jennifer Vehonsky, Bureau Chief of Policy, at 602-364-4674 or vehonsje@azdhs.gov with any questions.

Sincerely,

Dan Wendt
Division Chief

MMA Letter
October 19, 2005
Page 4

C: Senior Management
 Thomas Betlach, AHCCCS
 Kate Aurelius, AHCCCS
 Ann Froio, AHCCCS
 [T/RBHA] Contract Compliance file